

FISCAL NOTE

Bill #: SB 312

Title: Establish ANB using 5-year average

Primary

Sponsor: Jim Elliott

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$13,154,000	\$12,474,000
Net Impact on General Fund Balance:	(\$13,154,000)	(\$12,474,000)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. ANB for the three years preceding the current fiscal year was as follows:

	<u>FY1998</u>	<u>FY1999</u>	<u>FY2000</u>
K-6 ANB	85,538	83,030	81,175
7-8 ANB	27,068	26,822	26,556
9-12 ANB	<u>51,432</u>	<u>51,885</u>	<u>52,025</u>
Total ANB	164,038	161,737	159,756

2. Under current law average number belonging (ANB) in K-12 public schools will be as follows:

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
K-6 ANB	79,901	78,185	76,415
7-8 ANB	26,113	25,454	25,148
9-12 ANB	<u>51,524</u>	<u>51,046</u>	<u>50,798</u>
Total ANB	157,538	154,685	152,361

(continued)

3. Under SB 312, ANB for the ensuing school year is calculated by first calculating ANB based on current year enrollments, then averaging that amount with ANB for the 4 previous school fiscal years (i.e., five-year average).
4. School years for which a budget unit's ANB was zero are not included in the calculation of that budget unit's average ANB. (For example, Helena Elementary (0487) did not have a budget unit for Kessler School in FY 1998, 1999, and 2000. The Kessler budget unit had enrollment of 260 in FY2001 and has a projected enrollment of 254 for FY 2002. The average enrollment for this budget unit for FY2002 was calculated by adding 260 and 254 and dividing by 2, rather than by 5).
5. Under SB 312 average number belonging (ANB) in K-12 public schools will be as follows:

	<u>FY2002</u>	<u>FY2003</u>
K-6 ANB	82,175	80,058
7-8 ANB	26,512	26,072
9-12 ANB	<u>51,582</u>	<u>51,456</u>
Total ANB	160,269	157,586

6. Basic and per-ANB entitlements are as follows:

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
Basic entitlement EL	18,540	18,540	18,540
Basic entitlement HS	206,000	206,000	206,000
Per-ANB entitlement EL	3,763	3,763	3,763
Per-ANB entitlement HS	5,015	5,015	5,015
Direct State Aid Percentage	44.7%	44.7%	44.7%

7. The statewide taxable valuation will increase by 2.96% in FY2002 and by 2.59% in FY 2003.
8. Under current law, direct state aid will be \$316.325 million in FY2002 and \$312.304 million in FY 2003. Special education payments will be \$33,899,850 in FY 2002 and FY 2003. Guaranteed tax base aid paid to schools will be \$95.790 million in FY2002 and \$94.333 million in FY2003.
9. SB312 does not affect the state special education appropriation.
10. Under SB312, direct state aid will be \$326.393 million in FY2002 and \$321.715 million in FY2003. Guaranteed tax base aid paid to schools will be \$98.876 million in FY2002 and \$97.396 million in FY2003.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Local Assistance (DSA)	10,068,000	9,411,000
Local Assistance (GTB)	<u>3,086,000</u>	<u>3,063,000</u>
TOTAL	\$13,154,000	\$12,474,000

Funding:

General Fund (01)	\$13,154,000	\$12,474,000
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$13,154,000)	(\$12,474,000)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Under SB 312 some districts will have ANB that is higher than under current law, and some districts will have ANB that is lower than under current law. In districts where ANB is higher as a result of this proposal, BASE mill levies will be higher. In districts where ANB is lower as a result of this proposal, BASE mill levies will be lower.

LONG RANGE IMPACTS

Currently, most districts have declining enrollment and so this bill has a cost to the state general fund and local district levies. At some point in the future, enrollments may increase. In times of increasing enrollment, there may be a savings over current law.

TECHNICAL NOTES:

The bill does not provide clear instructions as to how average ANB should be calculated for budget units that have not been in operation for one or more of the preceding four years.